Latin America as a Hub for IT Outsourcing:

A Lone Star or a
Prominent Market Player?

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Finding a perfect software development outsourcing destination for your next tech project is not an easy task. We know that first-hand. You have to consider factors such as costs, cultural differences, time zones, and work environment flexibility. However, the most vital ones will be the actual productivity and skill sets of local software engineers. Are they able to deliver results that live up to your expectations? And this is where it gets tricky. Since Latin American and the Caribbeans has risen as one of the world's most sought-after IT outsourcing hubs during the last five years, you might wonder about the top reasons to hire remote talent from LATAM when there is still India that's going strong. Let's see if we can dig up the truth, operating only with facts and numbers.

A study on
how LATAM
is stepping ahead of giants like **India** in the IT Outsourcing field

Did you know, for example, that Colombia, is already being called the next Silicon Valley but in Latin America? That's something, indeed. What's the catch? Relatively low development costs, access to large pools of multi-skilled talents, and a convenient time zone overlap are the top factors making countries like Mexico, Colombia, and Argentina top-choice outsourcing destinations.

After all, why look for IT services vendors overseas where you just know the cultural disparities are too influential? Turns out, reliable partners are as close as a two to three-hour flight, and the price difference isn't even that significant. And this is just the beginning there are very much clear factors that influence LATAM's star rise.

1. Tech and STEM education

As heavy-weight as it gets. The region has focused on making itself a tech-proficient, remote IT hub with the strongest dedication ever. Governments in Mexico, Argentina, Colombia, and Uruguay alone have established regional programs that promote nationwide education for younger generations in all tech fields, from software development and product innovation to biotech and science.

Medellin, for instance, has become the home of the Center for the Fourth Industrial Revolution, the first of its kind in the region. You can imagine how such a robust IT innovation environment and the efficiency of Latin American workers support future-focused, stable operations and modern business culture.

Most significant tech education programs across LATAM

120+ tuition-free tech universities to motivate the younger generation in STEM fields (Mexico)

Nationwide free higher and university education (Colombia)

CONACYT. Mexico's Science and Technology Council encourages research and technological development and supports R&D, infrastructure investments, and IT innovation projects.

MexicoFIRST focuses on increasing the number and quality of skilled IT workers through training grants for technical, English, and managerial courses (Mexico)

Programa 4.0 offers free programming, testing, and digital skills training for younger generations (Argentina)

SENA's free courses for technical and vocational education and training programs to enhance the skills and employability of students and professionals (Colombia)

Plan 111 Mil is a massive educational campaign aiming to train 100,000+ developers and increase the number of women in the local IT (Argentina)

Top Gun Lab, authored and held by TEAM International to provide job opportunities for young IT enthusiasts (Colombia)

BEC.AR provides scholarships for Argentine professionals who want to train overseas in science, technology, and product innovation (Argentina)

According to Coursera's 2024 Global Skill Report, Uruguay, Trinidad and Tobago, and Colombia are among **the top 20 countries** globally that actively train the highest percentage of their labor force on Coursera alone.

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2. Talent pool and skill set versatility

Of course, LATAM's talent pool is far from being as large as India's. However, the region offers slightly over two million tech professionals combined. Moreover, **20,000+** new engineers join the IT workforce annually, which is **28 percent** more growth compared to the US. Brazil and Mexico alone produce nearly **605,000 STEM graduates** yearly. All countries in the region, though, are ranked among **the top 100** in terms of skills globally.

Latin America Professional's Standings in the Global Skill Ranking 2024

19. Brazil	48. El Salvador
20. Chile	50. Bolivia
21. Uruguay	61. Ecuador
23. Peru	62. Costa Rica
26. Mexico	63. Paraguay
29. Colombia	68. Panama
37. Dominican Republic	73. Trinidad & Tobago
38. Argentina	85. Guatemala
43. Venezuela	91. Puerto Rico
44. Honduras	

Source: Coursera

So, talents in Latin America are not only vast and growing but also highly flexible and versatile, with every second software expert being proficient in multiple domains simultaneously. At the same time, AI literacy is gaining momentum as the talent pool in Latin America and the Caribbean shows a strong commitment to AI readiness. Coursera's GenAI course enrollment increased **882% year-over-year,** with learners from LATAM regions focusing more on foundational skills. Colombia even launched its national AI strategy in 2024 to advance artificial intelligence adoption. On the other hand, Brazil, Chile, and Uruguay showcase impressive proficiency in tech and data science domains.

When looking to outsource some of the most in-demand IT skills, you can rest assured that you'll find the exact needed expert in LATAM. Local developers are experienced in the most sought-after programming languages and frameworks, including the C language family, JavaScript, React.js, Python, Angular, Vue, and Node.js. There is also high interest in design, marketing, business management, and people analysis. Looking further into the subject, most of LATAM's professionals have at least three or more years of senior commercial experience in full-stack, front-end, and back-end development.

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Regional Skills Rankings 2024

Regional rank	Global rank	Country	Business	Technology	Data Science
1	19	Brazil	66%	85%	85%
2	20	Chile	65%	74%	83%
3	21	Uruguay	83%	87%	60%
4	23	Peru	74%	72%	68%
5	26	Mexico	54%	77%	81%
6	29	Colombia	50%	73%	79%
7	37	Dominican Republic	80%	64%	45%
8	38	Argentina	35%	68%	80%
9	43	Venezuela	39%	53%	73%
10	44	Honduras	61%	49%	50%
11	48	El Salvador	63%	71%	34%
12	50	Bolivia	39%	63%	51%
13	61	Ecuador	36%	44%	56%
14	62	Costa Rica	41%	60%	49%
15	63	Paraguay	38%	46%	52%
16	68	Panama	42%	26%	44%
17	73	Trinidad and Tobago	59%	17%	27%
18	77	Jamaica	28%	29%	37%
19	85	Guatemala	16%	15%	38%
20	91	Puerto Rico	15%	17%	17%

Source: Coursera

■ Business culture and environment

Suffice it to say that LATAM is, indeed, a star in raising funds for business projects in the tech sector. Offering multiple R&D hubs and startup accelerators across the region, it became one of the most attractive destinations for foreign investors. Latin America and the Caribbean host 32 unicorn companies, including outstanding Kavak **($8.7 billion market value)** from Mexico, Rappi **($5.25 billion)** from Colombia, and QuintoAndar **(5.1 billion)** with Brazil. If anything, it totally reflects a constant push for Latin America's IT industry growth.

One of the biggest nearshore outsourcing benefits for businesses is that culture here is fairly similar to the North American one, making it easy to adapt the processes and integrate local engineers into your IT teams. Thanks to convenient time zones, adjusting the working hours and maintaining efficient, timely communication is also very easy. Add to that the impressive productivity of Latin American software developers and quality of service delivery, and you get the perfect combo. Moreover, the English proficiency index rankings are also strong for LATAM countries, with Argentina taking the **28th place globally** (562 score), Honduras landing on the 33rd (545 score), and Uruguay holding the **37th** (538 score).

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■ Development costs

Whatever regional country you're considering as a destination for your project, the costs will fluctuate, but not that much. Depending on the IT role and seniority level, average yearly salaries of local engineers vary between **$45.000 to $100.000 USD,** which is still much lower compared to the US's experts. Hourly rates of LATAM's software experts fit into the range of **$45.00-$65.00.** This seems like a bit higher than India, right? Still, the advantages of hiring Latin American developers include the ability to cover that difference by getting other perks, like highly productive, multilingual, and cross-domain specialists in your own time zone.

IT roles that have seen a dramatic rise in job openings in 2024:

1. Security Engineer (Cybersecurity):   + 28%
2. Data Engineer: + 21%
3. Machine Learning Engineer: + 16%
4. Business Analyst: + 15%
5. Backend Engineer: + 11%

Source: AWANA

■ Governmental support and tax incentives

Another valuable point to consider when deciding to outsource IT projects to LATAM or India is their economic landscape. And when it comes to Latin America and the Caribbeans, you can expect local governments to be as enthusiastic as they can possibly get. For example, Mexico's government policy for the tech industry provides extensive benefits and unconditional support for science advancements. Its National Entrepreneurial Fund offers a government grant program for business projects to encourage entrepreneurs through training and financial assistance.

In Argentina, they offer significant tax incentives and have the Law of Promotion of the Software Industry and the Entrepreneurs' Law in place. These government-established conditions opened the doors for global business owners to start their operations in Argentina and outsource engineering projects to local specialists. And the proof is just right there — market leaders like **IBM, Google, Microsoft, Amazon, and JP Morgan** favor hiring LATAM's IT talents.

India:
A Tried-and-True Outsourcing Destination or Just a "Habit"?

There is basically no arguing with the fact that India has been among the most frequently chosen IT outsourcing destinations for a decade. It's established such a reputation thanks to extremely affordable pricing rates and a huge workforce pool. However, when it comes to global skill rankings, the country dominating the Asia-Pacific is Japan that secured the overall second place, while India ranks as only **87th globally.**

1. Tech and STEM education

A broader perspective will show you that India produces about **2-3 million STEM graduates** annually, trailing behind only China. Those two are the countries with extensive population counts, so it's only reasonable to see such numbers, sure. **Thirty-four percent** of India's students choose to enroll in STEM programs, according to the World Economic Forum. Still, despite these numbers, India struggles to see significant economic improvements and is running out of truly skilled software engineers. Not to mention that a large part of the graduates ends up jobless.

So, what's the trouble in paradise? Based on the ASER report from 2022, just **18.4 percent** of local schools had a functional computer lab. Across the country, up to **25 percent** STEM teacher posts were vacant. This is especially brutal for rural areas, where additional barriers arise, such as outdated teaching methods, a shortage of qualified STEM teachers, a lack of modern educational infrastructure and resources, and an ever-present gender gap in STEM education. Hence, teaching quality is a big question here, as students don't have enough role models.

The country addresses these challenges one by one, though. In a nutshell, STEM education in India is evolving to keep up with rapidly changing market demands, but there is still a long road ahead.

Most significant tech education initiatives in India

The government's NEP policy that promotes skill-based courses in coding, AI, and Robotics.

The Ministry of Science and Technology's collaboration with IBM to promote STEM opportunities for women.

Atal Innovation's mission that fosters creativity, curiosity, and design thinking among STEM students.

Central Board of Secondary Education (CBSE) and various Indian state boards offer STEM-focused curriculums.

Country-wide promotion of technical and vocational education and training (TVET) programs to equip learners with practical skills in STEM fields.

Indian government's focus on STEM-driven research and innovation represented by various research funding agencies in collaboration with several startups and research organizations.

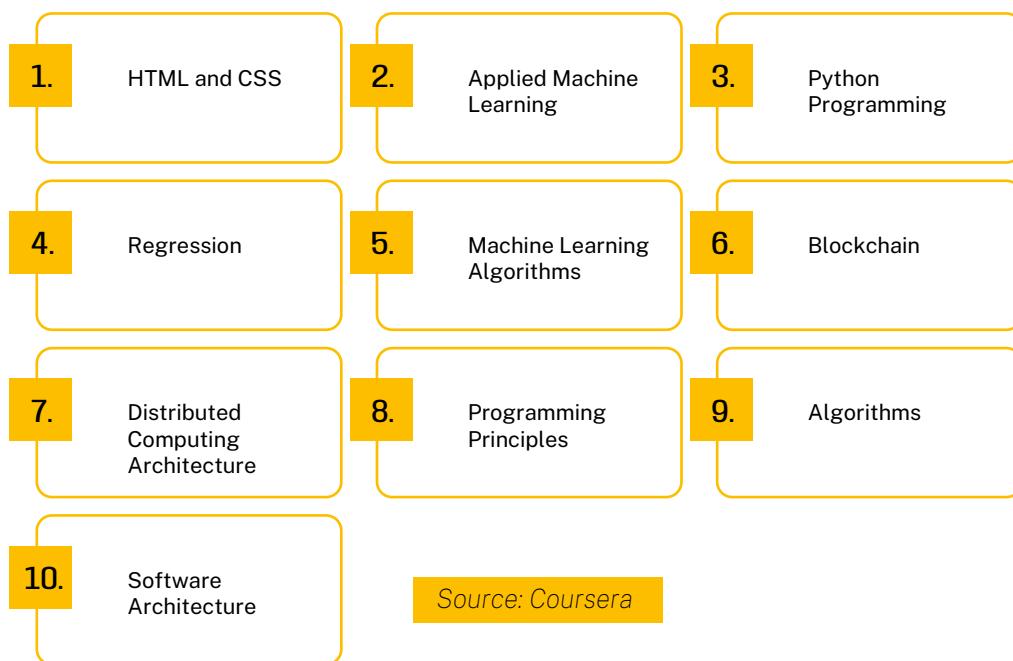# 2. Talent pool and skill set versatility

Around **5.4 million** Indian IT specialists are employed in the tech industry, If we were to trust Deloitte and Nasscom Report, we would trust their expertise. So, let's be honest, that's a vast pool to choose from.

Development expertise covers fields, such as:

1. Web development
2. Network engineering
3. Cloud security engineering
4. Software development
5. Machine learning and AI
6. Data analysis and engineering
7. Database administration

Coursera states that India saw a dramatic 1,648 percent increase in GenAI course enrollments in 2024, while the government announced that it plans to invest $1.2 billion in AI projects. Obviously, it reflects the nation's deep dedication to staying abreast of the latest cutting-edge technologies.

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Top 10 skills pursued by Indian talents:

1.	HTML and CSS	**2.**	Applied Machine Learning	**3.**	Python Programming
4.	Regression	**5.**	Machine Learning Algorithms	**6.**	Blockchain
7.	Distributed Computing Architecture	**8.**	Programming Principles	**9.**	Algorithms
10.	Software Architecture				

Source: Coursera

Here, we should clear things out and be blatant. Although Indian developers showcase strong mathematical and logic-related capabilities (outscoring American experts by **11 percent** in various competitions), the skill set uncertainty still looms over as a shadow. Mainstream programming languages aren't their strong suit, unfortunately, so the service quality is sometimes questionable.

Domain Rankings 2024

Global rank	Country	Business	Technology	Data Science
87th	India	98%	74%	77%

Source: Coursera

Business culture and environment

Culture-wise, we can all agree that Indian business culture has much fewer common characteristics with the North American one compared to LATAM. There is a strong emphasis on hierarchy, and the decision-making process often lacks flexibility, being top-down. Significant differences are also present in negotiations, workplace culture, business etiquette, and other areas.

Work hours in India are **9 hours ahead of the US's EST,** making it difficult to maintain timely communication between teams. And speaking of communication, in terms of the English Proficiency Index, several LATAM countries have higher standings than India, which is in the **69th position** among 116 countries (490 score).

However, one of the most substantial advantages is that India offers robust infrastructure in tier-1 cities, like Bengaluru, the "Silicon Valley of India." In such destinations, you have a widely available high-speed internet connection, world-class digital hubs, smart cities, and well-established technology parks with state-of-the-art facilities.

When it comes to other aspects, we recommend being cautious about the **50 percent surge** in disruptive cyberattacks recently taking place across the country, targeting the Indian government and IT companies. Additionally, make sure you have a lethal legal team behind you as your project will require strong measures to mitigate intellectual property protection risks.

▪ Development costs

How much does it cost to hire tech talent in India? Contrary to the popular belief that it's super cheap, it isn't always so in practice. It used to be, sure, but nowadays, the situation is a bit more complicated in the wake of local engineers leaving their jobs because of low salaries. Mercer's report projects an average salary hike in India to hit **9.4 percent in 2025,** including the IT sector.

Comparing labor costs and productivity in Latin America vs. Asia, the average salary of Indian software developers is to be around **$30.000 — 105.000 USD** per year. Not that different from LATAM, right? Of course, considering domains and seniority, these numbers will vary. Yet, if you look at hourly rates, you can hire a developer in India for as low as **$18** per hour if it's a Junior one or find someone more experienced who will charge up to **$40.**

And even when it's not that expensive, there is always a 'but' hanging in the air. For instance, aiming for competitive advantage, IBM outsourced some functions to India to cut down on expenses. However, the quality of provided services was compromised, so the experiment went sideways.

▪ Governmental support vand tax incentives

When debating on outsourcing to Latin America vs. Asia, you should also keep in mind that even though India's government supports foreign businesses and the local IT sector with tax incentives and initiatives like Digital India, there are also highly intricate labor laws in this country. Employment is regulated by numerous laws influencing working hours compliance, employee benefits and bonuses, minimum wage norms, taxes, and more.

Latin America vs India:
Productivity Gains Compared

Let's summarize all the key findings, shall we?

	Latin America	India
STEM education	High-profile, well-developed, and supported by local governments	Lacks modern educational approaches, equipment, and teachers with STEAM degrees
Talent pool	~ 2 million	~ 5.4 million
Business culture and environment	• Culture is similar to the US, but the overall business environment might lack political stability • Insignificant time zone difference supports efficient collaboration	• Culture differs greatly from that of North America • Time zone difference complicates communication
Development salaries	$45.000—$100.000 USD	$30.000—105.000 USD
Skill level	Rankings start from 19th globally	Ranks 87th globally
IT ecosystem and infrastructure	Supported by numerous startup accelerators and presented by dozens of IT parks and hubs across the region	Is present only in metro cities and still being developed on a larger scale
English proficiency	Starts from 28th place globally	69th place globally
Ideal outsourcing use cases	Projects requiring excellent communication, faster time-to-market, and Agile development	Large-scale projects and long-term assistance initiatives, like managing 24-hour IT maintenance support

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Choosing Between
Tech Talent in
Latin America and India

So, why hire remote talent from LATAM? It's obvious that the region is steadily turning into a rising star in the nearshore outsourcing sector. Especially for North American clients, it became a go-to location due to geographical proximity, cultural similarities, and Latin America workforce productivity statistics that speak volumes.

Can we give you any concrete advice on which country to select? Of course, no. It's up to your business goals, budget, and technical requirements. And also, readiness to take on risks. What we can say for sure, though, is that software development outsourcing became a key tactic for hundreds of market leaders, including companies like Salesforce, Oracle, Intel, and Hewlett-Packard. If they consider this approach beneficial, who are we to argue with that?

If you decide to run a test pilot closer to home, then Argentina, Colombia, Brazil, and Mexico will be the most productive countries in Latin America in terms of IT service delivery.

When it comes to India, it's still the good old IT outsourcing giant that offers a 5-million pool of talent across multiple domains. However, although India is among the most reasonably priced and one of the largest outsourcing destinations, a significant time zone difference is challenging and can delay project accomplishment. Some cultural gaps are also worth considering before making a decision, as you can speak the same language but have no clue what's being said between the lines. If that doesn't distract you from your objectives, you should take a closer look at India's most tech-savvy cities — Delhi, Bengaluru, Mumbai, Pune, Hyderabad, and Chennai.

Oh, and one more option is always on the table! You can try out a hybrid solution and outsource parts of your project to both India and Latin America.